

City Council

Special Meeting Minutes

**October 26, 2015
City Hall, Council Chambers
749 Main Street
7:00 PM**

Call to Order – Mayor Muckle called the meeting to order at 7:00 p.m.

Roll Call was taken and the following members were present:

City Council: ***Mayor Robert Muckle, Mayor Pro Tem Hank Dalton
City Council members: Jay Keany, Ashley Stolzmann,
Chris Leh, Susan Loo, and Jeff Lipton***

Staff Present: ***Malcolm Fleming, City Manager
Heather Balser, Deputy City Manager
Kevin Watson, Finance Director
Kurt Kowar, Public Works Director
Joe Stevens, Parks & Recreation Director
Troy Russ, Planning & Building Safety Director
Beth Barrett, Library & Museum Director
Chris Neves, IT Director
Kathleen Hix, Human Resources Director
Nancy Varra, City Clerk
Bridget Bacon, Museum Coordinator
Brad McKendry, Senior System Administrator
Matt Bush, IT Support Specialist***

PLEDGE OF ALLEGIANCE

All rose for the pledge of allegiance.

APPROVAL OF THE AGENDA

Mayor Muckle called for changes to the agenda and hearing none, moved to approve the agenda as published, seconded by Council member Stolzmann. All were in favor.

Mayor Muckle reminded the public of the Louisville Police Memorial dedication at Helburg Park on Wednesday, October 28, at 3:00 p.m., at the Police Station.

REGULAR BUSINESS

**DISCUSSION/DIRECTION – CITY MANAGER’S PROPOSED 2016 BUDGET AND
2016 – 2020 CAPITAL IMPROVEMENTS PLAN (CIP)**

Mayor Muckle explained this is the continuation of the October 20th Public Hearing on the 2016 Proposed Budget and the 2016-2020 Capital Improvements Plan (CIP). He requested a staff presentation.

City Manager Fleming explained on October 20, after considering public comments and discussion, Council continued the public hearing on the budget to October 26 and asked staff to prepare additional information clarifying (1) what funding is included in the budget for paving and related work, (2) the projected condition of City streets as a result of those expenditures, and (3) what cuts to proposed or existing programs would staff suggest if Council wants to increase funding devoted to paving in 2016. Funding for Streets and related Utility Work in the 2016-2020 CIP includes a total of \$25.5 million for street resurfacing and related utility line replacements as follows:

Proposed Street Resurfacing and Related Expenditures 2016 - 2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>5-Yr Total</u>
Street Reconstruction	1,950,000	1,800,000	1,850,000	1,900,000	1,950,000	9,450,000
Pavement Booster	885,000	1,500,000	715,000	2,650,000	2,800,000	8,550,000
Total Paving Expend.	2,835,000	3,300,000	2,565,000	4,550,000	4,750,000	18,000,000
Water Line Replacement	500,000	1,830,000	2,045,000	255,000	260,000	4,890,000
Sewer Line Replacement	315,000	690,000	910,000	364,000	370,000	2,650,000
Total Utility Line Replmt	815,000	2,520,000	2,955,000	620,000	630,000	7,540,000
Total Paving & Utility Line Replacement	3,650,000	5,820,000	5,552,000	5,170,000	5,380,000	25,540,000

City Manager Fleming reviewed several graphs illustrating the expenditures for paving and related utility replacement funding over the past 15 years. He asked Public Works Director Kowar to project what the expenditures will do for the street conditions in Louisville.

Public Works Director Kowar outlined the proposed budget concerning the City’s streets. He reviewed the current paving preservation strategy as the “need to fund best first and worst first”. He reviewed the existing conditions on arterial and collector streets for the best streets first and the worst streets first. The worst streets are considered broken and require attention first, however evaluations of this program indicate it is the most expensive condition to fix. The best street first provides maintenance to a street, which is slowly deteriorating, but not at a condition when it is expensive to fix. Best streets first are small cracks that can be patched. Some of the treatments include crack seal, patch, slurry seal and chip seal. The evaluation of best first is the least expensive way to maintain the street. The best program is a

comprehensive program, which does both. It takes care of the best streets first (maintenance) and repair the streets beyond a small level of maintenance, with a higher dollar value to correct. In order to maintain the level of streets in the City, the investment must be to maintain the best first and the worst first. The best first program will concentrate on the collector and arterial streets (McCaslin, 88th, Dillon, Pine and Cherry). The worst first focuses on downtown and some other auxiliary streets that are over 20 years old and had minimal attention, but have a good base.

The City paving program relies on various perspectives to create a final plan including computer modeling, annual in person street observations, operations staff input, public input, City Council input, periodic surveys, and staff pavement experience. The computer model is a rough score and set of iterative algorithms that helps steer the program at a conceptual long term level. Ongoing staff field observations verify the computer model and validate if it seems accurate and representative of real world conditions. City Council sets the desired street level of service and budget.

If the line is set at an OCI of 55, it will ensure all streets are at a condition of fair, good or very good condition. A large number of City streets are in good condition, such as in the residential area. Some streets downtown have potholes and are in need of reconstruction. The bulk of the roadway system is above 55 OCI. An arterial pavement will be rehabbed every 10 to 15 years, depending on the winter and the amount of traffic. Typically 10 points will be lost every year for the first ten years and afterwards 15 to 20 points will be lost for every one year. Every 3 to 5 years staff will complete an assessment to redefine the curve to reflect real world conditions. If necessary, the curve will be redefined to reflect the actual deterioration. Residential streets carry a lot less heavy traffic and 10 points will be lost every year. Residential streets will be assessed and rehabbed every 15 to 25 years, depending on the road condition. There is a sense of less urgency. In terms of budgeting, the cost of paving each segment is calculated. He reviewed the cost of resurfacing streets as follows:

<u>Treatment</u>	<u>Unit Costs</u>
Reconstruction (residential, Collector, Arterial)	\$40-\$70/Square Yard
New 2" Asphalt Resurfacing -Residential (The City does not do this)	\$35/Square Yard
Hot Chip Resurfacing (Arterials/Collectors)	\$25/Square Yard
Cold Chip Resurfacing (Arterials/Collectors)	\$12/Square Yard

<u>Road Category</u>	<u>2016-2020</u>	<u>2021-2025</u>	<u>2026-2030</u>
Residential	\$4,826,993	\$1,899,084	\$2,268,772
Collector	\$2,225,459	\$ 983,050	\$2,903,542
Arterial	\$2,375,877	\$ 454,136	\$ 626,464
0-5 Total Cost	\$9,428,329	\$1,979,782	\$4,177,227
Annualized Cost	\$1,885,665	\$ 395,956	835,445

Public Works Director Kowar reviewed two charts; 1) Step 1: Outlining the Arterial/Collector/ Industrial Deterioration Curve and 2) Step 1: Outlining the Residential Deterioration Curve. This allows the City to fix streets in bad condition (worst first) while also performing other preventative maintenance treatments to keep the good streets good (best first). This allows the City to more accurately model how long street segments will last, when is likely the optimum time to do various treatments (crack seal, patch, hot chip, etc.), and how much those treatments will likely cost.

He addressed water lines, which will be upgraded with street reconstruction. Last year the City increased the water rates for water line replacement. With and without the water lines, booster rates will increase by 11%. This will be calculated during the water rate analysis. Staff will discuss this with the Water Committee next month and later on with the City Council. The sewer rates do not appear to require any increase.

Summary: Public Works Director Kowar stated staff understands Council's desire and direction on the street paving programs. Staff believes the annual payment and the extra payments over the next five years will get the streets at the desirable OCI rating. The modeling of the streets will provide better projections for the required treatments on the City streets.

City Manager's Proposed 2016 Budget and 2016 – 2020 Capital Improvements Plan

City Manager Fleming reviewed the changes to the budget since it was presented in September. Several new items were incorporated in to the 2016 Budget for a total of \$643,000. \$160,000 is new revenue from the lease agreement with Human Movement. Changes have already been incorporated into the budget including \$643,000 and \$3.3 Million over the 5-year CIP Plan. Additionally, staff identified a potential \$1Million in cuts for 2016 and another \$300,000 over the next five-year period.

The major changes in the budget since the September presentation are as follows: \$425,000 was added to the Pavement Booster Program; \$280,000 for Utility Work for a total of \$700,000. Staff identified cuts and new revenue in the amount of \$643,000. In comparison with the budget presented in September, the reserves will be drawn down by \$61,000. In the year of 2017, \$2.9 Million was added, mostly to the Utility Funds (\$2.5 Million for utility work). In order to cover the expenses, cuts and new revenue will draw down the reserves, primarily from the Capital Projects Budget. Instead of keeping the Capital Projects Fund reserves above a \$2Million through 2017, it will gradually deplete the reserves in order to pay for the paving program. Draw down the reserve - \$64,000. Similarly, the Combined Utility Fund has been gradually drawn down to cover the loan. Increasing the projects will require increasing the rates by 11% in 2018.

More Paving Options: Shift \$1Million from the Capital Projects Fund forward to 2016. This would draw down the Capital Project Fund reserves to approximately \$300,000-\$400,000. The reserves would go up in 2017 when revenues will exceed expenditures. The General Fund Forecast, under the proposed budget, keeps the fund reserves

above the target area over the five-year period. The Open Space and Parks Fund will keep their reserves at \$3 Million.

COUNCIL QUESTIONS

Mayor Pro Tem Dalton addressed the Summary of Significant Budget Increases slide and noted the increase in paving was projected to be \$1.5 Million. He noted it is only \$800,000 and asked for clarification. City Manager Fleming explained the summary is on the dollar amount in each of the items and how much it has changed over the 2015 budget. The proposed paving expenditures in the 2016 budget are \$830,000 more than the 2015 budget.

Mayor Pro Tem Dalton inquired in addition to the \$830,000 for paving, would this also include the water utility lines. City Manager Fleming explained there is a total of \$2.85 Million in paving and \$815,000 in utility line replacement for a total of \$3.6 Million. When this is compared to the 2015 budget it is \$830,000 more for 2016.

Mayor Pro Tem Dalton stated Council asked for \$1.5 Million in cuts and an additional \$1 Million in the paving budget. He asked if the 2016 budget is \$1.5 Million more than the 2015 budget. City Manager Fleming stated the 2015 expenditures in paving were \$2.25 Million. The 2016 budget proposed to increase the paving budget to \$2.8 Million. Utility related expenditures in 2015 were just under \$3 Million and will increase to \$3.25 Million in 2016. He noted there were several things Council asked for: \$1 Million in cuts. Staff would come back with \$1.5 Million in cuts for Council consideration.

Mayor Pro Tem Dalton stated the Council asked for \$1.5 Million in cuts and \$1 Million in street reconstruction. City Manager Fleming presented a spreadsheet for expenditures for the street reconstruction program; the pavement booster program; the total paving and the utility line expenditures in 2014 - \$1.7 Million; 2015 - \$2.3 Million and in 2016 - \$2.8 Million is proposed. There is \$500,000 in paving; \$300,000 in utility line expenses. Instead of \$1.5 Million there is \$815,000 and it changes from year to year. If Council wants to make it \$1.8 Million the Capital Projects can be moved up from 2017 to 2016.

City Manager Fleming reviewed the General Fund Forecast and the Open Space and Parks Fund. The reserve will be over \$3 Million in the Open Space and Parks Fund. Based on property values from Boulder County and property values for top open space acquisition, the City's cost would be \$2 Million. There must also be a reserve for cash flow purposes. The General Fund balance target is above the 20% target for the next five years. It will go up to 34% and then will go down over the 5-year period.

PUBLIC COMMENT

John Leary, 1116 LaFarge Avenue, Louisville, CO asked Council to take a long look at the street repair budget item. He stated deferred maintenance is the mortal sin of government. It is what governments will do if they are afraid to raise taxes but still want

to do more new projects. He stated it is an endless pit and will cost more and more money. He did not understand the tables, which contain data from 2000 to 2020.

He asked if those numbers were adjusted for unit costs or inflation or just the dollars spent. He asked whether the City is getting less streets for their money. Public Works Director Kowar stated all the calculations are based on today's dollars. All the calculations are reassessed each year.

Mr. Leary asked if the raw numbers reflect how much money the City is spending and not how much they are getting. Public Works Director Kowar explained the number in the slides represent three to five years in basic math. The numbers submitted in the Capital Plan for streets have a 2.9% inflation rate and a 20% contingency

Mr. Leary asked if the City is getting the amount of streets for its money. Public Works Director Kowar confirmed it was revealed on one of the slides.

Mr. Leary stated it makes sense to do the best streets first and the worst streets first, but inquired about the worst streets cost to fill the potholes. He asked if they are included in the calculations. Public Works Director Kowar stated the current Capital Budget has activities that may have street treatments built-in. He felt most of the repairs are captured.

Mr. Leary reiterated deferred maintenance costs the City money and asked Council to get out of the pit as quickly as possible.

COUNCIL QUESTIONS

Council member Keany had asked City Manager Fleming earlier if the \$1 Million is moved from 2017 to 2016, would that provide the City a better deal. The City Manager responded the City does not know what the construction market will be in 2017. Council member Keany's experience was things become more expensive every year. He suggested Council consider moving the \$1 Million or some amount and taking bids that add alternates. He felt it would provide better deals than putting it off for another year.

Council member Loo asked if that precluded looking at budget cuts. Council member Keany stated it would not preclude budget cuts. Council member Loo requested a discussion on budget cuts.

Mayor Muckle was satisfied moving the money forward and leaving the budget intact. He felt moving the money from 2017 to 2016 had minimal risks and would draw the reserves down for one year. It would allow Cherry and West McCaslin to be paved. He addressed Mr. Leary's comment about deferred maintenance and noted the City Council is moving rapidly to get the streets to a high level condition in the next five years.

Council member Stolzmann stated when the discussion began earlier this month it was known the street paving project was not going to adequately address all of the Council's concerns. She thanked the Public Works Director for his efforts. At a previous meeting, she heard Council agreement on addressing the paving problem. This year \$1.5 Million was budgeted for paving and it came in at \$1.95 Million. Council decided to put a down payment on pavement for 2016. She did not feel the Council and the staff are on the same page and voiced her support for Council going on a field trip to look at the conditions of the streets. She felt Council should look at the CIP projects and see what can be delayed into the future. She did not agree with the revenue assumptions and stated bringing down the reserves is not the way it should be approached.

Council member Leh agreed it would be helpful for Council to take a field trip to look at the conditions of the streets. He was fine with 55 OCI for a start, to help solve some of the street problems. He voiced his support.

Council member Lipton stated Council did not aspire for the streets to have an OCI rating of 55 and that the number came from staff. It was not Council's aspirational goal to put the streets in poor condition. A lot of the conversations were based on data collected in early 2015. Because of a harsh winter and a very wet spring, the streets have deteriorated significantly. He felt it was a policy issue starting in 2016. The City is living off investments made in the 1980's, 1990's and 2000's. Now the Council has to decide how to reinvest. He said it appears the reinvestment cost is being funded by the fund reserves, revenue increases that may or may not happen and by the water funds. He did not want to focus on the streets that had to be totally rebuilt or those in good shape. He felt there are a lot of streets in between. He felt Council should reprioritize projects and reallocate to concentrate on the streets. He stated the \$50 Million budget could be readjusted and reallocated.

Council member Keany clarified an OCI rating of 0 – 35 is failing; 35 – 55 is poor and 55 to 70 is fair; 70 -85 is good and above 85 is excellent.

Mayor Muckle stated the community wants good roads and the OCI numbers are what staff works with. Council's aspiration is to have no streets be worse than fair and most streets to be 80% or above and that is what the staff presented.

Council member Stolzmann stated Council received a presentation stating staff was not going to spend a lot of time understanding paving tonight. The whole budget cycle has been spent on the paving program and the Public Works Director has stated he is not ready with the paving program. She felt Council should focus on the budget discussion.

Mayor Muckle was willing to move forward with the staff's recommendation on paving and was prepared to focus on the budget discussion. Mayor Pro Tem Dalton agreed and stated the Mayor has put it into context that the Council wants better streets. He supported a field trip and felt the Council should look at budget cuts to get \$1 Million down payment for paving.

Council member Loo stated the budget is an incredibly complex document. She addressed the summary of significant increases and the tables of optional budget cuts and suggested Council look at the tables and discuss what projects should be cut or maintained. There was Council consensus.

Ranger Naturalists Position: Council member Loo supported the position, if it is a Ranger in the field and not an educator. There was Council consensus to amend the job description.

Historic Preservation Intern: Council member Loo was not supportive of this position. Planning and Building Safety Director Russ stated his understanding the Historic Preservation Master Plan withdrew the position. Mayor Muckle felt it was a more efficient to spend on the Preservation Master Plan. There was Council consensus to cut the position.

City Manager's Office Intern: Council member Loo did not support this position. However, there was Council consensus to include the position in the 2016 budget.

Neighborhood Plan (Fireside or Old Town): Council member Loo stated the Council concluded the Fireside Plan should begin before the Old Town Plan. Mayor Muckle stated there is a plan in place to fix the Fireside issues, but not the Old Town issues. Council member Lipton stated in light of the recruitment for a new Planning Director, he suggested moving both plans to 2017. Planning and Building Safety Director Russ stated his belief the Planning staff would have the capacity to complete this task in the later part of 2016. Council member Keany agreed with moving this plan to 2017. There was Council consensus to moving this item to 2017.

Downtown Alley Study: There was Council support for deferring the alley study in the Capital Improvement Projects.

Pool Heating System Exchanger Rebuild/Memory Square Pool Equipment Replacement and Wi Fi Access: Council member Loo voiced her preference for postponing full maintenance until the Rec/Senior Center Aquatic Facility Task Force report. Parks and Recreation Director Stevens stated this is deferred maintenance. The Building Maintenance Division recommended the pool heating system rebuild at Memory Square Pool. The other item is Wi-Fi service, which was requested by the Swim Club. He explained if there is a bond election next year, it will be at least two years before there will be a new facility. Council member Lipton felt both of these issues would be covered by the Bond Issue next year. Mayor Muckle asked if the Memory Square Pool can get by another year with the current heating system. Parks and Recreation Director Stevens stated there was an evaluation on the heating system and it was determined it may fail at any time. Council member Leh felt it would be beneficial to concentrate on the larger items than the smaller one. He supported the repairs to Memory Square heating system and the Wi-Fi system in the budget. Council member Keany also

supported keeping the heating system and Wi-Fi in the budget. There was Council consensus to leave the Memory Square Pool Repairs in the budget.

Budget Software/Agenda Management Software: Council member Stolzmann addressed the office productivity software, which was not spent this year. She asked if those funds could be used to purchase agenda management software this year. Staff will research this matter and report to Council on November 2nd.

Impact Fee Study: Council member Leh addressed the item and asked for the urgency of the funding. City Manager Fleming explained the last time the impact fees were reviewed was five years ago. It is important the fees accurately reflect development costs and provide revenue for expanding the capacities of various facilities (transportation, Parks and Recreation). If they are not accurate there is a risk of being challenged on the validity of those fees.

Mayor Muckle inquired if Council wants to look at more cuts or delays. Mayor Pro Tem Dalton supported reviewing the optional cuts.

Trail Projects: Funding was already reduced from \$200,000 to \$100,000; no further cuts authorized.

Multi-purpose Field: Mayor Muckle noted there is a demand for field, but felt it could be deferred. There was Council consensus.

Police Department Basement Restrooms and Lockers: Mayor Muckle supported leaving these items in the budget. Council member Loo addressed the request for Body Cams and stated her belief they are more important than lockers and restrooms. City Manager Fleming clarified the body cams are proposed for the 2016 budget. Mayor Pro Tem Dalton supported leaving the basement restrooms and lockers in the 2017 budget. Council member Stolzmann supported the restrooms and lockers but questioned the Council's ability to deliver those items and supported delaying them to 2017. Council member Lipton also supported defer this item to 2017. There was Council consensus to defer this request to 2017.

Downtown Parking Structure Feasibility Study: Deferred.

Quite Zone Design for the Dillon Crossing: Deferred.

Median Improvements: Deferred.

Rec Center Parking Lot Lighting: Deferred.

Wayfinding: Deferred.

Downtown Parking / Transit Project: Mayor Muckle stated his understanding this would

be done in 2016. Council member Keany favored keeping this item in the 2016 budget and working with the property owner on the other side of the railroad tracks. Mayor Muckle was willing to discuss this with the Louisville Revitalization Commission (LRC).

Council member Lipton stated by not paving the lot does not mean it cannot be used for parking. He said it will not be a loss of parking, if it will not be repaved. Planning and Building Safety Director Russ explained if the lot is not paved, there should be a public hearing because it is a requirement of the LMC for downtown parking to be paved. Not paving the lot is a violation of the Code and the City is not exempt.

Council member Stolzmann asked if 2015 CIP projects are repeated in the following year if there was an expectation they would be completed. Finance Director Watson explained in most cases it is not repeated, but the funds may be rolled over in April. Council member Stolzmann stated there are two items in the 2015 budget for parking; the downtown parking expansion by Lucky Pie Property (\$215,000) and the Downtown Transit Parking project (\$440,000). She asked if it wasn't one and the same. Economic Development Director DeJong explained the \$215,000 was for the acquisition and the balance is the construction in 2016.

Council member Stolzmann asked if it would be closer to the cost of the Lucky Pie parking lot. Economic Development Director DeJong explained the Lucky Pie parking lot has 25 spaces, while the redevelopment is 7 spaces.

Council member Stolzmann proposed to tie this project to the South Street Underpass so when the parking is built there is a way to get to downtown. There could be a budget amendment when the City knows when the South Street Underpass will be constructed. Economic Development Director DeJong explained Cannon Street will be worked on in 2016 and a commercial building with 25,000 SF of retail at DELO Plaza will be built. Unless the parking lot is built, there will be an 80' swath of land lying empty until the Burlington Northern Santa Fe Railway builds the underpass.

Council member Loo stated she wanted to go forward with the DELO project because it is a ground breaking aesthetic in Louisville. She wanted to keep the \$440,000 in the budget. Mayor Pro Tem Dalton inquired whether the LRC could assist in this project. Mayor Muckle suggested adding this item to the LRC agenda.

PUBLIC COMMENT

Michael Menaker, 1827 W. Choke Cherry Drive, Louisville, CO stated given the LRC budget, he did not know where the funds would come from in the timeframe necessary for pavement required in 2016. He noted the LRC funds are committed and not paving the lot would jeopardize the success of the retail projects at the TEBO property. He noted the funds will not be realized before the South Street Project is completed. He urged Council to keep this South Street Parking Lot funding in the budget.

COUNCIL COMMENTS

Downtown Parking / Transit Project: Council supported.

Council member Stolzmann requested either BRaD or the Economic Development Director review the budget and look at the economic development investment for downtown and calculate the return for next year. Economic Development Director DeJong requested clarification on which programs should be reviewed. Council member Stolzmann requested BRaD review the economic development investment for downtown and report on the return for next year.

Council member Loo explained everyone is eluding to the return on economic development investments. She would discuss this with BRaD at their next meeting.

Virtualization Phase II - Business Continuity: (Back-up facility at the Police Department):

Senior System Administrator McKendry explained this is a project which will provide business continuity by placing a server at the Police Station. In the event the main server went down at City Hall, there would be a backup system at the PD. Council member Keany felt this is an essential service. City Manager Fleming confirmed it is a redundant system, which will also connect the police communication system to the Boulder Sheriff's department. He noted this was a key component of the IT Strategic Plan. Council member Lipton asked if it was a one-time cost or a continuing cost. Senior System Administrator McKendry explained there is continuing costs for subscription fees, but most of it is upfront. The annual cost would be 25% of the licensing fees and maintenance on the servers. He estimated the annual cost to be 10 to 15 thousand dollars. Council member Keany stated without this type of redundancy, there would not be any essential financial processes. Council supported.

Street Faire Support: Council supported.

Weed Control: Mayor Muckle commented on citizen complaints about weed control. Council member Lipton agreed it was a very wet spring. He suggested phasing weed control over a period of years. Council member Stolzmann was concerned this has not been discussed at a study session and she was not sure what \$60,000 would provide. She favored further discussion and adjusting the budget as needed. Mayor Muckle agreed but did not feel the funding would be too high. City Manager Fleming explained it is primarily contract expenditures and money will not be spent if it is not needed. There was Council support for funding weed control in 2016 and further discussion at a study session.

Police Body Cams: Council supported.

Tennis Court Improvements: Mayor Muckle asked if this is not funded will there be a surplus of Lottery Funds. City Manager Fleming explained projects can be funded out of the available lottery fund to offset expenditures out of the Open Space and Parks

Fund. He explained in 2016 there is the Hecla Lake Project and the Tennis Court and Arboretum renovations have been scaled back to fund the Open Space and Parks projects. Council member Stolzmann asked if the tennis court improvements budgeted in 2015 will be spent. Parks & Recreation Director Stevens confirmed they will. He clarified the Wi-Fi for the Recreation/Senior Center Swimming Pool was actually for Memory Square and the second Wi-Fi request was for the Senior Center. Mayor Muckle supported Wi-Fi for the Senior Center. Mayor Pro Tem Dalton supported the Wi-Fi. Council member Lipton felt both should be cut. Council member Loo agreed. Council member Keany stated the budget request includes Wi Fi and equipment. Council member Stolzmann stated her understanding the Wi-Fi will be installed in the Art's Center. She did not know why it could not serve Memory Square. Public Relations Manager Muth confirmed the Wi-Fi was installed at the Art's Center and staff will look into it being shared with the Memory Square swimming pool. Senior System Administrator McKendry confirmed there are two Wi Fi connections; one at poolside and the other in the Art's Center.

Tennis Court Improvements: Finance Director Watson explained the tennis court improvement was removed from the budget and moved to the Lottery Fund. Parks and Recreation Director Stevens explained there was \$82,500 budgeted for the design for the sport fields. This was originally funded out of the lottery proceeds, but \$52,500 was redirected to the Tennis Court renovations, instead of using CIP funds. City Manager Fleming explained it is all interrelated. By spending the funds out of the Conservation Trust Fund, it saves money in the Open Space and Parks Fund, allows fewer transfers from the General Fund and transfers money to the Capital Projects Fund. Council member Stolzmann noted the increase for this budget item and inquired if there were more courts requiring improvements. Parks and Recreation Director Stevens noted there is more extensive work as some courts require rebuilds. Council supported.

Downtown Flowers and Lights: Council supported.

0.75 FTE Sr. Admin Assistant to Police Chief: Council supported.

Main Street Patios: Council member Loo inquired if there is an interest in purchasing new patios. Economic Development Director DeJong explained Moxie Bakery had expressed a desire for a patio in 2016. He estimated the same businesses will request patios next year. Council member Loo opposed purchasing additional patios and noted it takes away street parking. She felt the rental price for patios should be increased. Council member Stolzmann supported delaying the purchase of another patio and felt Council could use creative measures in deciding who get patios, such as a lottery system. Council member Lipton asked if there were any reserve funds for patios. City Manager Fleming explained there is not a specific fund for the patios; they are funded out of the General Fund and have a lifespan of 15 – 20 years. The City charges a modest rental fee for the patios, which goes directly to the setup and takedown of the patios. Council member Lipton supported funding the patios in 2016. Council member Keany supported the purchase of one patio and suggested doubling the rental price

next year in order to build a reserve. Mayor Pro Tem Dalton suggested discussing this at a later time. Mayor Muckle favored deferring the additional patio. Council member Keany supported a discussion of a lottery system. Council deferred the patio purchase.

PCI Payment Card Standards/Upgraded City Hall Cameras: City Manager Fleming stated this is essential for the security of the City Hall. Senior System Administrator McKendry explained IT would like to upgrade the surveillance system in City Hall to match the upgrades done in other City facilities to make the software compatible. City Manager Fleming emphasized the importance of maintaining Payment Card Industry Standard (PCI) compliance (the handling of credit cards and cash). Finance Director Watson explained the City is not PCI compliant, but it will be handled through the new software. Council member Leh and Mayor Muckle voiced their support. Council member Stolzmann supported waiting a year. Council supported this item.

FM Radio Stations: Council member Keany inquired whether the City paid a fee for this and if so, what was the amount. City Manager Fleming stated the City paid a small fee. This project was brought forward by Former Police Chief Goodman, who stressed the importance of being able to broadcast emergency announcements locally. If the City does not install the stations next year, the City will lose the frequency. Council member Lipton could not imagine relying on an FM Radio station in a state of emergency. He felt there were other regional emergency frequencies available. He noted there are other permit holders who are trying to monetize their bandwidth and suggested the City could lease the frequency in order to keep it for a longer term. He felt there should be a broader conversation on future costs. City Manager Fleming stated the annual cost is \$1,200. Council member Lipton stated it is not only the payment, there has to be a public benefit. Council member Loo thought the City must use the frequency or lose it. She favored making money off the frequency. City Manager Fleming referred to the 5-Year CIP, which stated it is for the purchase and installation to go live with the City's two FM Radio Stations. In 2015 the City obtained 2 FM station licenses for public messaging for both community events and emergencies. During emergencies citizens can be messaged to tune into the City's stations for evacuation, road conditions and other updates. This would be purchased from the City's Capital Project Funds. There are expenditures proposed for 2015 to start this process in order to keep the two licenses. City Manager Fleming will discuss this further with the Police Chief and look into leasing to another agency. There was Council support for delaying this project.

Agenda Management Software: Staff will review the 2015 budget for software funding. Public Relations Manager Muth noted \$6,000 will still be needed for Web streaming. Council supported staff bringing back information at the November 2nd meeting.

Center for the Arts – Audio Visual Equipment: Public Relations Manager Muth explained this will bring the Arts Center to the same level of service the City provides at the library meeting room. It is a sound system, overhead projector and screen for meetings and presentations. Mayor Muckle thought a lot of people will benefit from it. Council deferred this project.

Rec Center – Dri-Deck: Council member Keany felt this was a health safety issue. There was Council support for this project.

Rec Center - Lap Line Replacement: Council member Keany stated it would cost more to replace it than fix it. Council member Lipton suggested this could be replaced with the bond issue in two years. This item was supported by Council.

Economic Development (ED) Expenditures: Economic Development Director DeJong scaled back his original operation budget because in 2015 there were significant increases to expand business outreach. Mayor Muckle voiced his support. Council member Loo agreed, but felt BRaD should reexamine the whole process of economic development and determine what the City is getting in return. There was Council support for the reductions to the Economic Development expenditures.

Highway 42 Improvements – Steel Ranch Underpass: Mayor Muckle stated if this item is cut, it would eliminate the County's contribution (transportation tax money). He supported keeping this item in the budget. Planning and Building Safety Director Russ stated Boulder County is partnering with the City for this project and when the Alkonis Property was annexed to the City, Council gave clear direction to tie the underpass with the Alkonis (Kestral) development. He explained there are two underpasses; one (partnering with the County) for the underpass at Highway 42, which will connect the North End to Kestral and Steel Ranch. The second is an underpass under the railroad tracks at Steel Ranch. The Steel Ranch Metro District will contribute to the underpass under the railroad. There was Council support for this project.

Future Year Planned Deferrals: City Manager Fleming reviewed the future proposed projects deferred in order to pay for the paving program. The total amount of deferrals is \$3.3 Million and these projects have been eliminated from the 5-Year CIP program.

Council member Lipton felt this illustrative of the box the City got painted into. He felt it was a combination of cuts and reductions in the fund balance; anticipation of the continued expansion of the economy and higher sales tax revenue in the future. He stated all those things have to happen in order to get the roads in order. He did not see how this would be accomplished over the next five years without making very significant cuts and changing expectations. He commended staff and Council for their work, but expressed his concern for going forward in the future. Mayor Muckle proposed the Council work on out years as part of next years' budget process. There was Council support for the deferrals.

Council member Loo recapped the cuts made by City Council total an additional \$215,552, including \$65,000 for software.

Council member Lipton inquired about the \$250,000 contribution from the General Fund to the Open Space Fund. City Manager Fleming stated the \$250,000 contribution would maintain the reserve at \$3 Million. Staff originally proposed a larger transfer to

bring the reserve to \$3.5 Million, but it was scaled back by \$500,000. Council member Lipton asked what was contributed in 2015. Council member Lipton voiced his belief the number is based on the assumption of the available open space properties and if three properties became available in 2016, money would have to be available, or there would have to be other ways to manage properties.

Council member Stolzmann stated the 2015 General Fund contribution to the Open Space Fund was \$570,000. She welcomed the discussion concerning this years' transfer. She felt Council should be committed to look at all the funds and make appropriations later on in the year, when a fiscal policy is in place. She questioned whether it would be appropriate to have reserves in each fund or just in the General Fund. She would support decreasing the transfer now so there are the reserves in the General Fund and Capital Projects Fund.

Mayor Muckle explained there was a very public process with the Open Space Advisory Board relative to their concerns over the Open Space Funds. He supported revisiting this topic and discussing the purchase of one property.

Council member Loo supported the discussion and noted when the community needs were discussed with the Open Space Advisory Board they were open to those considerations.

Mayor Muckle asked if Council want to reduce the Open Space Fund contribution by \$225,000. He voiced his support for the reduction. Council member Lipton stated it was one opportunity for Council to examine, but was not sure how many more tools the Council has to fund the paving programs.

Council member Loo had difficulties with staff providing a list of cuts. She felt cuts should be made across the board. That would be the only way to address funding basic services. She asked Council member Lipton if he was satisfied with the budget cuts.

Council member Lipton stated the Council is providing for the street paving program on the back of the CIP budget and other one-time initiatives and not on the City's operating budget. He felt if the City is not making their goal, the Council may have to look at operation budgets, such as increasing the mandatory department turnbacks, managing hiring or reducing supplies. He suggested a turnback of \$300,000. He did not feel Council was accomplishing their goals.

Mayor Muckle explained the City Council has been trying to fund streets for several years. He asked if Council wants to reduce the transfer from the General Fund to the Open Space for 2016. This would provide \$500,000 for paving. Council could also ask staff to look at operational savings.

Council member Stolzmann was not totally supportive. She stated the Council committed to having a discussion about the Open Space and Parks Fund fiscal policies

in December. She did not see a big difference in the budget on November 2nd and December 12. She did not oppose delaying the discussion until there is a fiscal policy in place. She pointed out 2013, 2014 and 2015 had remarkable levels of capital spending on projects, (water plant, wastewater plant, flood reconstruction, DDI, City Services Facility) therefore the percentages of capital spending for pavement was down as were the reserves. She noted there are a lot of outstanding projects, such as paving, which Council can review in November and December. She noted there is \$800,000 in the Open Space Fund and \$4 Million left in the Capital Projects Fund. She suggested instead of carrying everything over to next year, Council should consider whether they have the capacity for the scope of work or whether those projects should be delayed. She felt looking at the carryforwards for next year is an opportunity for future reductions. City Council can then consider whether projects should be delayed. She felt this would be a source of funding for next year.

Mayor Muckle asked Council member Stolzmann if she had any other comments about the budget. Council member Stolzmann stated she had aspirations for next year's budget to accomplish. She was not totally satisfied with the program areas and how things fit in. She did not feel the Council's feedback, such as program goals and contributing projects, was incorporated in the budget document. Mayor Muckle agreed and stated everyone hopes to make more progress in the program budgets next June.

Council member Lipton requested clarification on the status of projects and whether the Council's goals were met. City Manager Fleming explained \$643,000 is already included in the proposed budget. He asked Council member Loo to recap her calculations of budget cuts. Council member Loo cited the additional cuts as follows:

• Historic Preservation Intern	\$ 20,152
• Neighborhood Plan	\$ 30,000
• Software Purchase*	\$ 65,000
• Pool Heating System	\$ 12,500
• Memory Square	\$ 10,600
• Additional Patios	\$ 40,000
• FM Radio Station	\$ 26,000
• Art Center Audio/Visual	<u>\$ 11,300</u>
Total	\$215,552

*Contingent on the Agenda Management Software purchase in 2015.

Deputy City Manager Balser will report on November 2nd whether the Agenda Management Software could be purchased out of the 2015 budget.

Council member Lipton was supportive of the cuts and making a significant down payment on the pavement program for next year.

Mayor Muckle asked if Council was interested in moving more funds from 2017 to 2016. Council members Lipton and Stolzmann and Mayor Pro Tem Dalton felt this should be discussed in January. Council member Stolzmann noted it should be after the street field trip and year end projects.

City Manager Fleming asked for clarification there would an additional \$215,552 dollars added to the paving budget. There was Council consensus.

Deputy City Manager Balser requested clarification on the General Fund transfer to the Open Space Fund. Council determined they would wait on the transfer until after the fiscal policy discussion.

ADJOURNMENT

MOTION: Mayor Muckle moved for adjournment, seconded by Mayor Pro Tem Dalton. All were in favor. The meeting was adjourned at 10:00 p.m.

Robert P. Muckle, Mayor

Nancy Varra, City Clerk